

HOUSE BILL NO. 81

INTRODUCED BY B. LAKE, C. WILLIAMS, J. PETERSON

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE AND THE REVENUE AND
TRANSPORTATION INTERIM COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING A DEMOGRAPHIC, ECONOMIC, AND GOVERNMENT
TREND ANALYSIS INTERIM COMMITTEE TO CONDUCT A STUDY OF THE POTENTIAL LONG-TERM
EFFECTS OF DEMOGRAPHIC, ECONOMIC, SOCIAL, AND OTHER TRENDS IN MONTANA ON STATE AND
LOCAL GOVERNMENTAL PROGRAMS AND SERVICES AND ON STATE AND LOCAL REVENUE SYSTEMS;
REQUIRING THE DEPARTMENT OF REVENUE TO ASSIST THE COMMITTEE IN CERTAIN ASPECTS OF
THE STUDY; REQUIRING STATE AGENCIES TO PROVIDE CERTAIN INFORMATION TO THE DEPARTMENT
OF REVENUE; PROVIDING APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, AN
APPLICABILITY DATE, AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**NEW SECTION. Section 1. Demographic, economic, and governmental trend analysis interim
committee.** (1) There is a demographic, economic, and government trend analysis interim committee.

(2) The members of the committee are:

(a) four members of the revenue and transportation interim committee appointed by the presiding officer
of the revenue and transportation interim committee, in consultation with the vice presiding officer of the revenue
and transportation interim committee, as follows:

(i) two members of the house, one from the majority party and one from the minority party; and

(ii) two members of the senate, one from the majority party and one from the minority party; and

(b) four members of the legislative finance committee appointed by the presiding officer of the legislative
finance committee, in consultation with the vice presiding officer of the legislative finance committee, as follows:

(i) two members of the house, one from the majority party and one from the minority party; and

(ii) two members of the senate, one from the majority party and one from the minority party.

(3) The committee must be appointed on or before June 1, 2009.

(4) (a) The committee shall select its presiding officers from among its members at the first meeting of

1 the committee.

2 (b) The committee shall establish operating procedures for the interim.

3 (5) The committee shall conduct a detailed study of the potential long-term effects of demographic,
4 economic, social, and other trends in Montana on state and local governmental programs and services and on
5 state and local revenue systems.

6 (6) (a) The committee shall complete an inventory of the level of and expenditures for the following
7 Montana state and local governmental services and programs as follows:

8 (i) K-12 public education;

9 (ii) the Montana university system;

10 (iii) health and human services, including mental health services;

11 (iv) law enforcement and public safety;

12 (v) recreation;

13 (vi) transportation services;

14 (vii) state and local employee retirement and health insurance systems; and

15 (viii) other state and local government programs and services that the committee considers appropriate.

16 (b) The committee shall evaluate how the provision of governmental services, programs, and benefits
17 are affected by the demographics of the recipients, users, or beneficiaries of the services, programs, or benefits.

18 (7) (a) The committee shall complete an inventory of existing tax and other revenue sources of Montana
19 state and local governments as follows:

20 (i) individual income taxes;

21 (ii) corporation license and income taxes;

22 (iii) natural resource taxes;

23 (iv) property taxes;

24 (v) state reimbursements to local governments and school districts;

25 (vi) other state and local taxes and fees that the committee considers appropriate; and

26 (vii) federal revenue by purpose or expenditure category.

27 (b) In conducting the inventory of revenue sources in subsection (7)(a), the committee may analyze
28 factors that affect revenue collections. These factors may include but are not limited to wages and salaries,
29 nonlabor income, commodity prices, and the relative importance of the types of industries in the economy.

30 (c) The committee shall complete an inventory of existing state and local tax incentives and tax relief

1 provisions.

2 (8) (a) The committee shall undertake an analysis of the state's economy, including but not limited to:

3 (i) personal consumption trends;

4 (ii) business and industry trends;

5 (iii) government trends; and

6 (iv) labor force trends.

7 (b) The analysis conducted under this subsection (8) may consider regional trends within Montana and
8 the effects of national and international economies on the state.

9 (9) (a) The committee shall conduct an analysis of recent demographic trends in Montana, including but
10 not limited to:

11 (i) natural population changes;

12 (ii) patterns of in-migration and out-migration; and

13 (iii) location of the state's population in rural and urban areas.

14 (b) The committee may compare Montana demographic trends with national demographic trends.

15 (10) Using the best information available, the committee shall forecast by appropriate age groups
16 demographic changes in Montana through the year 2030.

17 (11) The committee shall, for the same time period examined in subsection (10), evaluate how the
18 interrelationship of demographic, economic, social, national, and international trends may affect:

19 (a) the ability of state and local governments to provide similar levels of services and programs examined
20 under subsection (6);

21 (b) the sustainability of state and local revenue systems; and

22 (c) the state's economy.

23 (12) (a) The department of revenue shall, for the purposes of this study, assist the committee in
24 evaluating individual income taxes by providing available state individual income tax return data by taxpayer age
25 to the legislative fiscal division and the office of budget and program planning. The data may be provided by
26 geographic regions within the state. The department shall provide the information to the legislative fiscal division
27 in the same manner as provided in 5-12-303(3)(a) and to the office of budget and program planning in the same
28 manner as provided in 17-7-111(6)(a).

29 (b) (i) The department of revenue may, for the purposes of this study, request individual social security
30 numbers and age information from other state agencies and the federal social security administration.

(ii) On written request from the department of revenue to the director or elected official of a state agency, the state agency shall, for the purposes of this study, provide social security numbers and age information to the department.

(c) If the committee directs the department of revenue to provide individual income tax data to a person other than the legislative fiscal division or the office of budget and program planning, the department may not provide individual income tax return information or any other confidential information to the person but shall aggregate data by income brackets and ages of taxpayers or otherwise appropriately mask the information to ensure that no individual taxpayer information is disclosed.

(d) The department of revenue may not provide federal tax return information to any person.

(e) The department of revenue shall provide an estimate of the statistical validity of the information provided to the legislative fiscal division, the office of budget and program planning, and other persons.

(f) The provisions of 5-12-303(2) and (5) apply to any person receiving confidential records and information from a state agency.

(13) The committee shall seek the advice and assistance from representatives of aging services groups, agriculture, business and labor, education organizations, the governor's office, hospitals and other health care providers, insurance groups and actuaries, local governments, Native Americans, state agencies, including the Montana university system, taxpayer groups, other entities the committee considers appropriate, and members of the public.

(14) The committee is attached to the legislative services division. The personnel, data, and facilities of the legislative services division, legislative fiscal division, and other appropriate legislative entities must be made available to the committee.

(15) On or before December 1, 2010, the committee shall issue a report on the committee's findings. In the report, the committee may recommend that additional study or the monitoring and updating of findings be undertaken in the ensuing legislative interim or interims.

NEW SECTION. Section 2. Appropriation. (1) There is appropriated \$5,000 from the general fund for fiscal year 2009 to the legislative services division for the purpose of conducting the study required by [section 1].

(2) There is appropriated \$220,000 from the general fund for the biennium beginning July 1, 2009, to the legislative services division for the purposes of completing the study required by [section 1] and providing staff

1 support to the demographic, economic, and government trend analysis interim committee.

2 (3) There is appropriated \$75,000 from the general fund for the biennium beginning July 1, 2009, to the
3 legislative fiscal division for the purpose of providing staff support to the demographic, economic, and government
4 trend analysis interim committee.

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6 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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8 NEW SECTION. **Section 4. Applicability.** [This act] applies to legislators appointed to the revenue and
9 transportation interim committee or to the legislative finance committee in 2009.

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11 NEW SECTION. **Section 5. Termination.** [This act] terminates June 30, 2011.

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